Yukon Workers' Compensation Health and Safety Board

Annual Report 2011

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YUKON WORKERS' COMPENSATION HEALTH AND SAFETY BOARD

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ AU TRAVAIL DU YUKON

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Our Vision

We lead in creating ideal work environments with:

- Safe worksites where everyone thinks and acts safely at all times;
- Easy access to qualified help, supplies and interventions so that injuries, diseases and disabilities can be quickly treated, managed and alleviated;
- Provision of services and facilitating access to resources for workers experiencing a disability, to assist them in overcoming the physical, emotional and financial limitations resulting from their disability; and
- Flexible and accommodating workplaces where employers and workers help injured workers return to meaningful employment.

Our vision is realized through our success in fostering strong cooperation and commitment between workers, employers and the Board.

Our Mission

Working together with workers, employers, injured workers and their families, we focus on:

- Preventing workplace injury, disease and disability;
- Addressing the needs of workers and employers in changing work environments;
- Fairly compensating workers with work-related disabilities; and
- Helping workers overcome work-related disabilities in both human and economic terms.

We manage 'the fund' wisely to meet our long-term stewardship responsibilities on behalf of our stakeholders.

We ensure that our staff are knowledgeable, skilled and compassionate in providing a broad range of quality services to employers, workers, injured workers and their families.

Our Core Values

- **Commitment**
  Our daily actions reflect our vision and mission.
- **Quality of Service**
  We provide effective, timely and efficient service.
- **Communication**
  We actively listen and provide clear feedback.
- **Integrity**
  We are honest, ethical and fair.
- **Trust**
  We demonstrate sensitivity, fairness, compassion and respect in our interactions.
- **Growth and Development**
  We support individuals who demonstrate leadership and assume responsibility for self-management.
- **Teamwork**
  We willingly work together to achieve goals.

Each of these values is of equal importance and the complete set demonstrates the compassion, respect and fairness that guide our daily actions.

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Yukon Workers' Compensation Health and Safety Board

The Yukon Workers' Compensation Health and Safety Board is responsible for administering two pieces of territorial legislation -- the Workers' Compensation Act and the Occupational Health and Safety Act.

The YWCHSB is governed by a Board of Directors, made up of two employer representatives, two worker representatives, a neutral chair and a neutral alternate chair. The chair of the Workers' Compensation Appeal Tribunal and the president of the YWCHSB sit as non-voting members.

The Board of Directors establishes all policies and orders. The administration implements those policies and orders, as well as the legislation.

The YWCHSB administration is divided into four branches – Executive, Programs, Operations and Planning Evaluation and Policy.

The Executive Branch includes the office of the president, which supports human resources, the board office manager, the hearing officer, public relations, the medical consultant and general counsel.

The Programs Branch provides services to injured workers and administers the Occupational Health and Safety Act.

The Operations Branch is responsible for financial management, employers' services, compensation fund investments, information systems, and the general management of YWCHSB resources.

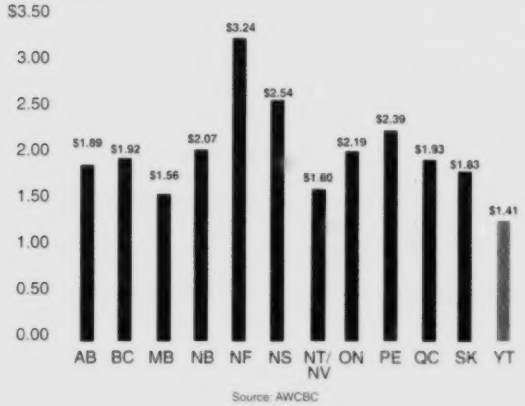
Planning, Evaluation and Policy is responsible for policy analysis and development, program evaluation, strategic planning support and quality assurance.

The Principles of Workers' Compensation

Workers' compensation is based on the following principles developed in 1913 by William Meredith, who later became Chief Justice of the Ontario Supreme Court:

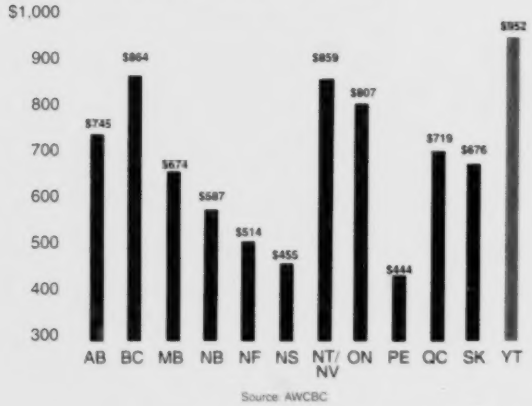
- The liability of employers for injuries in the workplace should be collective, rather than individual, with employers paying into a central fund used to pay benefits to injured workers.
- The benefits payable to injured workers must be guaranteed in the legislation.
- In return for guaranteed compensation, workers have no legal right to sue their employer or co-workers because of a workplace injury. This is the "historic compromise" of workers' compensation.
- Workers' compensation is a no-fault system.
- The system should be administered by a body independent of government with equal representation from labour and industry and a neutral chair.
- The Board must have judicial-like authority for making final decisions on claims for compensation, without an appeal to the courts.

AVERAGE PROVISIONAL ASSESSMENT RATE BY JURISDICTION - 2003



Source: AWCBC

MAXIMUM WEEKLY BENEFITS FOR TEMPORARY DISABILITY BY JURISDICTION - 2003



Source: AWCBC

Working with Our Stakeholders

The Yukon Workers' Compensation Health and Safety Board works with two stakeholder committees – the workers' and the employers' advisory committees.

Both are standing committees of volunteer worker and employer representatives with whom we consult and communicate on an ongoing basis.

In 2003, the information and issues that were brought before or raised by our stakeholder advisory committees include:

- Three updates on the Achieving Better Customer Service project
- The YWCHSB's 2002 audited financial statements
- Changes to the maximum wage rate and maximum assessable earnings for 2004, as required by the Workers' Compensation Act
- The draft Merits and Justice of the Case Policy
- The draft Rehabilitation Policy
- The draft Contracting Policy, which was adopted by the Board in March 2003
- The Workers' Compensation Act Review process
- A proposed Worker Consultant position to help workers with the Act Review, which the Board agreed to fund in 2004 as a short-term project
- The Day of Injury Payment discussion paper, which was later referred to the Act Review
- The status of the Auditor-General of Canada's recommendations from the 2002 special examination
- Presentations on the YWCHSB's three-year business plan for 2003-2005, the status report on the core strategies for 2002, the strategic plan for 2002-2004 and the balanced scorecard report on organizational performance

A milestone achieved in 2003 was the first balanced scorecard report -- on 2002 activities -- and the first comprehensive return-to-work indicators report.

In addition, representatives of stakeholder committees were actively involved in the YWCHSB's policy working group. (For more information, see Policies, page 18.)

Message from the Board of Directors

In 2003, the Board of Directors remained focused on the prevention of workplace injuries and illnesses, and on our commitment to develop policy reflecting these principles:

- A proactive, client-centered process
- A demonstration of compassion, fairness and respect for the injured worker, and
- An involvement of the employer as a valued partner, with a focus on prevention.

As a result, we provided our draft rehabilitation policy for public consultation in late 2003. This policy will enhance opportunities for injured workers to become vested in their rehabilitation.

Through our focus on prevention, we hope to bring safety programs to all workplaces. This work continued with several initiatives in 2003: partnering with the Yukon Construction Safety Association, holding our third annual awareness campaign aimed at young workers, and conducting special projects such as our perception survey, which has given us valuable information about Yukon workers' attitudes toward safety.

We will continue this work in 2004, by assisting employers to develop programs that can ultimately enhance their efficiency and productivity, and by continuing to raise awareness of workplace safety and rights with workers, unions, educators and parents.

The YWCHSB witnessed a dramatic increase in claims costs in 2002. We launched an in-depth study in 2003 to better understand the reasons. The outcome of that study has shown us there were a number of factors that we will continue to watch closely in the future. However, we are confident that the very sharp increase was an anomaly.

We continue to work on our Achieving Better Customer Service project – a comprehensive initiative launched in 2002 to transform our organization and improve customer service. In early 2003, following the first stage of the project, we carefully considered our next steps and decided to narrow the project to our most pressing priorities – the upgrading of our case management and financial computer systems, including an integration of the assessments system.

It has been both productive and enjoyable working with our stakeholder advisory committees. We have consistently updated them on progress with our strategic plan and have consulted them on policy development. That work has made us feel assured that the direction we take involves the valued input of the stakeholders we serve.

To our worker and employer stakeholder representatives, we extend a very large thank you for the time they have invested assisting us, and for the commitment they have shown to Yukon workers' compensation issues in 2003.

From left to right: Employer Representative Barry Enders, Worker Representative Barb Evans, Alternate Chair Phil Dyke, President and CEO Tony Armstrong, Chair Craig Tuton, Employer Representative Don Frizzell, and Worker Representative Michelle Kolla. Missing: Workers' Compensation Appeal Tribunal Chair, Ed Sumner.

President's Message

We look back on the year 2003 as one in which we continued to grow as an organization, extending our partnerships and maintaining our focus on our strategic plan.

In 2003, we worked closely with the Yukon Contractors' Association to form a construction safety association that will eventually serve all Yukon employers and workers. One of our occupational health and safety officers, Kurt Dieckmann, was seconded to manage the new safety association.

We have also worked closely with Skills Canada Yukon to provide worksite safety courses to young workers, and to promote the cause of young worker safety. We partnered with several Yukon employers who co-sponsored our third annual young worker safety awareness campaign. We also increased awareness by making presentations to a number of Yukon employer, worker and education groups about the importance of young worker safety, using a powerful video produced by the Workers' Compensation Board of British Columbia and Human Resources Development Canada.

In partnership with the Yukon Federation of Labour, we began a comprehensive research project into Yukon workplace fatalities, covering the period from the turn of the century to the present. The statistics and the stories are sobering. Our goal is to eventually use the research as the basis for a Yukon worker memorial.

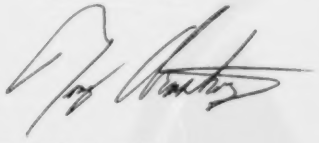
Strengthening our relationships with our stakeholders and partners is one of the core strategies in our overall strategic plan. The others include: working on having a clear legislative and policy framework, making prevention and safe workplaces a priority, leading in human resource development, focusing on quality of service and building effective information systems.

We continue to make progress in these areas. In 2003, we issued our first balanced score card report to show how we have performed, in relation to the measures we have set for ourselves. We have found the exercise to be invaluable and will be doing more of this work in the future.

Finally, as an organization devoted to workplace safety, it goes without saying that the health and wellness of our own staff is important. In 2003, our staff initiated and formed a wellness committee. Its purpose is to prepare a multi-year plan that meets the health goals of our employees. We hope to set a successful example for other workplaces. Healthy employees are bound to be happier and more productive, and will undoubtedly build satisfaction in our clients.

I thank all of our clients and stakeholders for the involvement, feedback and support in 2003. I also thank our staff for their dedication. We will continue our work together in 2004.

Tony Armstrong



President and
Chief Executive Officer

Prevention, Training and Education

In 2003, we began several important initiatives to strengthen prevention performance in Yukon workplaces:

We developed a one-day course on preventing violence, including harassment, in the workplace. The course will be delivered for the first time in 2004.

In February, we invited an instructor from the Northwest Territories to deliver a course on "Due Diligence and the Internal Responsibility System." The YWCHSB has since presented the same course for private sector and government employers. More than 150 employees and supervisors took this course in 2003.

Safety Perceptions Survey

The YWCHSB, with the Yukon Government's Bureau of Statistics, conducted a survey of 400 Yukon workers, supervisors and managers to learn about their perceptions of workplace safety. The goal was to gather information that will help the YWCHSB focus future prevention campaigns.

The survey tells us that while there are good safety practices and attitudes in many Yukon workplaces, there are still gaps in important areas that need to be addressed soon. The results of the survey give us a good baseline measurement of workplace safety perceptions among Yukon working people. They will also help us to shape future prevention strategies.

The Focus Firm Project

The YWCHSB partnered with eleven employers in the construction industry as part of a new initiative called the Focus Firm Project. All eleven employers had significant prospects for higher injury experience due to the hazard rating of their industry. They also all had significant opportunity for reduction of injury potential.

YWCHSB safety officers worked closely with the employers to improve safety systems and programs. During 2003, Focus Firm employers worked on the project's initial goals of developing their own workplace-specific safety policy and defining program elements applicable to their operations.

Prevention Through Partnerships

- The YWCHSB worked with other partners toward the goal of designating Whitehorse a "Safe Community" by the Safe Communities Foundation.
- The YWCHSB partnered with the Yukon Contractors Association to support the formation of the new Yukon Construction Safety Association. The association's role is to promote awareness of occupational health and safety, develop health and safety programs and increase the number of workers covered by the programs. The safety association's initial focus is on construction companies, but it will provide services to any employer or worker. The goal is to have a safety association that will cover all industries. The YWCHSB is providing funding to support the safety association - $169,000 in 2003 and an additional $177,500 for each of the next two years.
- We continued to work with Skills Canada Yukon to promote and provide after school courses in worksite safety to young people.

Workshops, Seminars and Public Presentations

TOPIC	FORMAT	FREQUENCY	PARTICIPANTS
Young worker courses	3-4 hour workshop	19	191
Internal responsibility courses (Due diligence, safety committees)	1-2-day workshop	15	224
Technical courses (Confined space entry, for example)	Half-day to 2-day workshop	12	170
Special presentations to groups (Yukon Federation of Labour, Yukon Registered Nurses Association, Association of Yukon Communities, City of Whitehorse, Yukon College)	1-hour presentation on young worker safety, due diligence or safety committees	7	128
Developing safety programs	1-day seminar	1	14
Trade shows and other public events	Interactive display	8	Many
TOTAL		**62**	**727+**

Young Worker Safety

Our efforts to promote young worker safety during 2003 were strengthened by new initiatives and the maintenance of several established programs.

The Passport to Safety program, launched nationally in November, encourages young people to qualify for a safety "passport" by taking a workplace safety test online. We began raising awareness of this program with employers, workers, educators and parents in the Yukon in late 2003, in preparation for a full Yukon launch of the program in early 2004.

We piloted the First Step program at several schools to educate young people about preventing workplace injuries. These courses are among the information sources enabling youth to complete Passport to Safety tests. We continued to work with Skills Canada Yukon on after school worksite safety courses for young people.

We introduced the video "Lost Youth," created by the Workers' Compensation Board of British Columbia and Human Resources Development Canada, to employer, labour and educational groups. The video tells the moving stories of young people seriously injured on the job.

We developed an engaging trade show display, directed at youth, which features a spinning bicycle wheel and quiz questions about workplace safety. The display attracted hundreds of young people at the Lions Trade Fair, the Gold Show in Dawson City, and other Yukon events.

Our third annual Young Worker Safety Contest – with the theme "All Eyes on Safety" reached 500 to 600 youth between the ages 12 and 17 -- close to 20 per cent of the Yukon's population of that age group.

Inspections and Compliance

The main mission of our safety officers is to eliminate hazards, at their source, to prevent work-related accidents and disease.

Our approach is to lead in creating ideal worksites through guidance, consultation, inspections and orders.

During 2003, we provided workers and employers with consultations and instruction on the Occupational Health and Safety Act and regulations. We met with some of our most significant clients to build stronger relationships and to help them better comply with the Act and regulations.

We also began a pilot project in which we partnered with a government department with a history of soft tissue injuries, in order to work toward prevention of back injuries.

Target Risk

The YWCHSB introduced a program called "Target Risk" to increase awareness amongst employers and the public of the need for safety in construction activities.

Country-wide statistics indicate the construction industry is a high-risk sector. Yukon statistics show that workers are at significantly greater risk for falls and for being caught in or crushed by collapsing materials.

Target Risk began in April with a media and letter campaign. In May, we implemented a "strict adherence to regulations" approach to the construction industry for two high-risk activities:

- Work performed from heights
- Excavation and trench-digging, including work performed near electrical lines

If safety officers noted the presence of either of these two target hazards, they were obliged to stop all work and recommend fines or initiate prosecution against employers, supervisors or workers.

Several violations occurred at Target Risk worksites, resulting in sanctions applied to employers, supervisors and workers.

PREVENTION ACTIVITIES	2003	2002
Consultations	848	1148
Accident investigations	11	20
Occupational health investigations	51	61
Other investigations	63	67
Worksite inspections	488	425
Sanctions		
• Warning Letters	7	5
• Penalty levies	7	1
• Prosecutions	0	2
Total Sanctions	**14**	**8**

Note: In 2003, the definitions of "serious accident" and "serious injury" were changed to comply with Section 33 of the Occupational Health and Safety Act. These changes will affect the way that 2003 statistics compare to other years. The numbers of serious injuries and accidents may appear to have been reduced, because the definitions are now much stricter.

Community Visits

In 2003, members of our service teams visited Beaver Creek, Burwash Landing, Dawson City, Eagle Plains, Haines Junction, Mayo and Pelly Crossing.

They provided information and services for the Village of Haines Junction and a number of First Nations – including the Champagne and Aishihik First Nations, the Kluane First Nation, the Na Cho Nyak Dun First Nation, the Selkirk First Nation and the White River First Nation.

The Introduction to Safety and Due Diligence workshop was provided to members of the Selkirk First Nation and the Young Worker Safety course was delivered in Mayo.

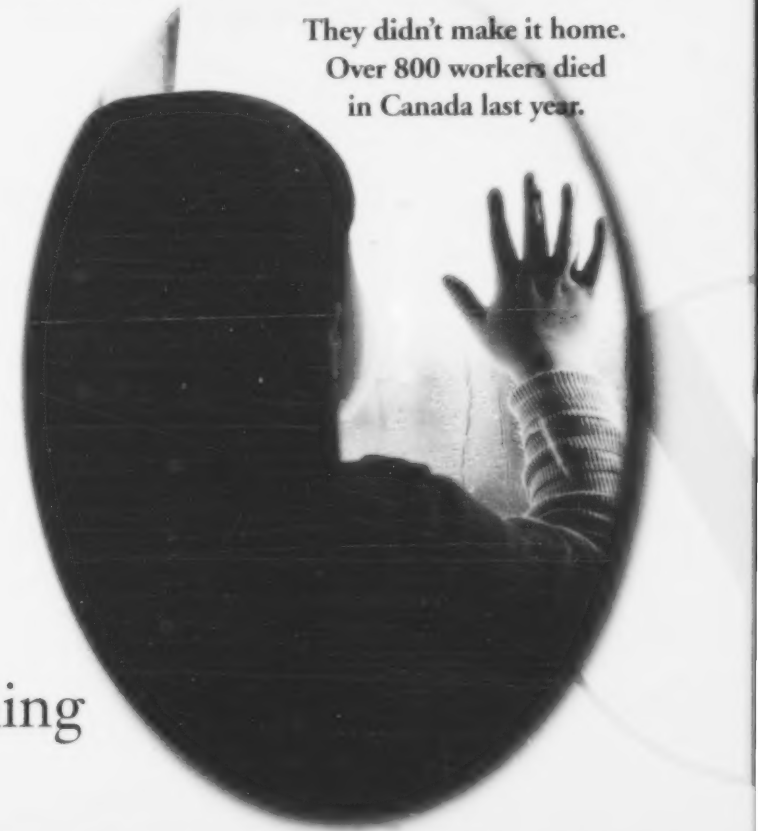
Employer meetings were held with the Silver Trail Inn and the Na Cho Nyak Dun Development Corporation, both in Mayo.

We participated in the Gold Show in Dawson City and the Career Fair in Mayo; we also took part in the Kwanlin Dun Health Fair, Lions Trade Show and Yukon Native Homebuilders Trade Fair in Whitehorse.

Partnerships

Strengthening relationships with stakeholders and partners is one of the key elements of our strategic plan. Earlier in this report, we described partnerships in prevention. There are many other areas in which we work with partners and stakeholders:

- In December, the YWCHSB signed a contribution agreement with the Yukon Federation of Labour to facilitate worker commentary on the Workers' Compensation Act Review.
- We also maintained our two-year contribution agreement with the Yukon Chamber of Commerce to provide for the continued services of an employer consultant.
- The policy working group continued to be instrumental in helping the YWCHSB develop and review new policies. The group consists of members of the Board of Directors, the stakeholder advisory committees and YWCHSB staff.
- We worked with other Canadian compensation boards to implement the inter-jurisdictional agreement on the delivery of Canadian workers' compensation. The objective of the agreement is to facilitate choice for workers and ease administrative work for employers. These ongoing relationships with other Canadian compensation boards also allow us to share information and best practices.
- We worked with the Yukon Federation of Labour to begin a comprehensive research project on Yukon workplace fatalities. The goal is to use the research as the basis for a Yukon worker memorial. We also worked with the Federation to promote the Annual Day of Mourning for workers killed on the job.



Claims Costs Research

In mid-2003, the YWCHSB's 2002 financial statements revealed a dramatic increase in claims costs from 2001 to 2002. Claims costs incurred rose from $17.5 million in 2001 to $29.5 million in 2002.

The Board gave direction to administration to proceed with a claims costs research project to determine the reasons for the increases and to identify opportunities for better management.

We examined payment histories spanning a ten-year period. We discovered that although the total number of claims was relatively stable, the average cost per claim was rising. We identified the following main contributing factors:

- Legislative changes had increased payments as well as the future liability associated with certain claims. Bill 73 raised the maximum wage rate for workers injured between 1983 and 1992; Bill 83 created the Workers' Compensation Appeal Tribunal; and Bill 64 reinstated some spousal pensions.
- The claims of injured workers were lasting longer because of changes in a number of areas – demographics, the economy, industry, the nature and severity of injuries, as well as claim management issues.

A report outlining these findings was prepared for presentation to the Board of Directors in early 2004. As a result of the work on claims costs during 2003, a number of opportunities were identified for 2004 and beyond. Suggestions included:

- Implement a comprehensive prevention strategy
- Identify and monitor long-term claims
- Review options for containing medical costs
- Improve ways of managing claims

In the area of managing claims, the Board of Directors approved a proposal to reorganize the Claims and Rehabilitation Services units. The proposal will be implemented in 2004. See Service Improvements on page 16.

Customer Service

The ABCS Project

In 2003, the YWCHSB narrowed the focus of its comprehensive customer service project, Achieving Better Customer Service (ABCS).

The original intent of the project was to transform the organization to be more effective and efficient at serving injured workers and employers. After carefully reviewing the results of the first stage of ABCS, the YWCHSB decided it should focus on two sub-projects to meet its highest priority needs – financial and claims information management systems.

The Board of Directors approved $650,000 for completing the financial computer system upgrade, which includes enhancing and integrating the assessments system. In 2003, the first element of the financial system upgrade was completed with the installation of the ACCPAC Advantage Enterprise Edition.

The Board also decided to continue work on a new case management system to improve the YWCHSB's ability to administer benefits and provide rehabilitation services to injured workers. The Board approved $275,000 for the next stage of this project. The YWCHSB evaluated five systems that might meet its case management needs, selected the most suitable candidate and estimated the cost to implement that system. A report and recommendations were made to the Board of Directors in November.

Service Improvements in 2003

- We produced a Customer Charter, which represents our commitment to service. It outlines what we do, how we do it, and the rights of our clients and our employees. The charter is available at our front desk and on our Web site at www.wcb.yk.ca.
- The Board of Directors approved a proposal to reorganize the Claims and Rehabilitation Services units. The reorganization is based on work that was done by a subcommittee of the Achieving Better Customer Service project. The change is designed to improve efficiency, deliver better customer care, and help resolve issues early in the claims process. The proposal will be implemented in 2004.
- We put in place an annuity reporting system that provides injured workers with a statement of the value of their annuities at the end of each year.
- We replaced our main server for all electronic files with a newer, improved server that provides added capacity and security.

Rehabilitation Services

The YWCHSB began a major undertaking in 2003 with the start of a program evaluation of our rehabilitation services. This work is in response to the recommendations of the 2002 special examination of the Yukon workers' compensation system by the Auditor General of Canada. The evaluation will be completed in 2004.

Assessment Premiums

Yukon employers pay assessment premiums for workers' compensation coverage. Employers are required by law to register with the YWCHSB and pay premiums. In return, employers get no-fault insurance and protection from lawsuits by workers.

The YWCHSB has been subsidizing Yukon employers' assessment premiums since 1999, following a financial review in 1998 that showed a substantial surplus. The surplus was devoted to benefit enhancement for injured workers and to a rate transition fund. The rate transition fund was used to subsidize employers' assessment premiums by 45 to 79 per cent.

Over the last five years, the Board has supplied a subsidy in excess of $30 million to employers.

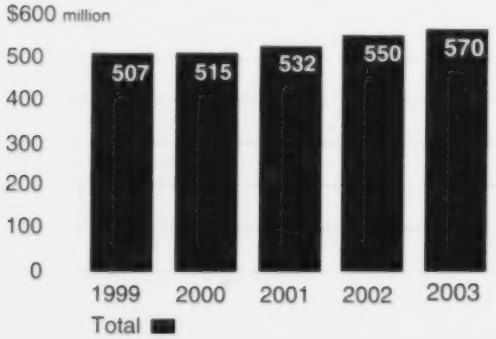
The Board originally planned to start removing the subsidies in 2002, but instead kept them fully in place for another year while it consulted with Yukon employers. Following the consultation, the Board decided to begin gradually reducing the subsidies. The YWCHSB also recalculated unsubsidized assessment premium rates based on updated projections of claims costs and investment income.

In 2003, the average subsidy was reduced from 54 per cent in 2002 to 41 per cent. The plan is to continue the subsidy reduction in 2004 – to an average of 32 per cent.

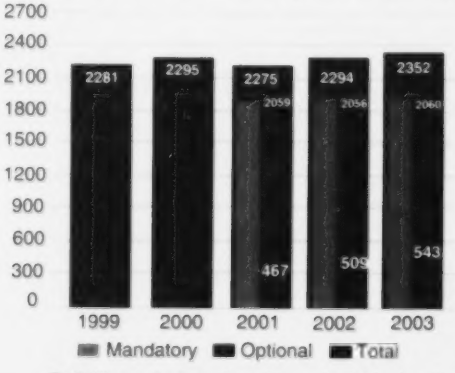
The overall effect is that the average subsidized assessment premium rate for Yukon private sector employers increased to $1.43 in 2003 from $1.41 in 2002. It is planned that it will increase again in 2004 to $1.65.

Government and First Nation premium rates are not subsidized. However, both receive discounts on the administration costs of their claims, because of the economies of scale they offer as large employers. Their premium rates increased to $1.37 in 2003 from $1.25 in 2002. They are expected to remain at $1.37 for 2004.

ASSESSABLE PAYROLL REPORTED (PRELIMINARY)



EMPLOYERS REGISTERED (PRELIMINARY)



Definitions: An "employer" is an individual entity operating in one or more industries. One employer may have many businesses.

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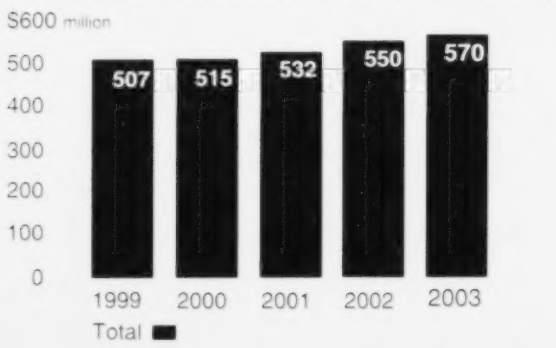

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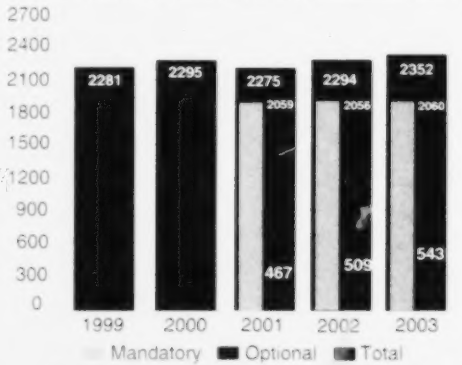

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Legislation, Regulations and Policies

Legislation

As required by legislation, the review of the Workers' Compensation Act began in 2003. In December of 2002, the Minister responsible for the YWCHSB appointed an independent panel of three people to conduct the review.

The panel began by seeking input on issues, to which the YWCHSB provided a response. The panel then produced a discussion paper on 88 issues. The YWCHSB provided an issue-by-issue examination, in response. It included an analysis of impacts, trends in provincial and territorial workers' compensation, recent court decisions and principles of workers' compensation. The YWCHSB also produced a series of research papers on all but one of the issues mandated under the Act for review.

The Act Review is of high importance to the YWCHSB, as changes to legislation can have a major impact on how the organization does business.

The next phases of the review will be determined by the panel.

Special Examination of the Yukon Workers' Compensation System

In September 2002, the Auditor General of Canada completed a Special Examination of the Yukon workers' compensation system. The examination was required under the Workers' Compensation Act.

During 2003, the YWCHSB's Business Plan for 2003-2005 was revised to incorporate the key recommendations of the Special Examination. These recommendations have been tracked separately and reports have been made to the Board of Directors and to stakeholders on their status.

Occupational Health and Safety Regulations

Work was done on major changes to a substantial portion of the Occupational Health and Safety regulations. In 2003, we provided the Minister responsible for the YWCHSB with supporting documentation related to the draft regulations.

Policies

The YWCHSB continued to work with the workers' and employers' stakeholder advisory committees and the policy working group to review and develop policies for consideration by the Board of Directors.

Contracting Policy

This policy was adopted in 2003, following a recommendation by the Auditor General of Canada in her 2002 special examination of the Yukon workers' compensation system. The policy mirrors the Yukon government's contracting regulations and directive, with special features: A potential contractor must be registered and in good standing with a Canadian workers' compensation board and – if applicable under the Occupational Health and Safety Act -- must have a safety program in place.

Transition Policy
In 2003, the Yukon government put into force the 2002 Revised Statutes Act. All Yukon acts – including the Workers' Compensation Act and the Occupational Health and Safety Act -- were repealed and replaced with the 2002 Revised Statutes of the Yukon. The revisions meant that many section numbers were changed. The YWCHSB responded by approving a transition policy. It cross-references legislative sections between the revised and the repealed acts.

Rehabilitation Policy
The policy working group reviewed and recommended a draft Rehabilitation Policy, which consolidates and updates several existing policies. This policy outlines the purpose, guiding principles, process and roles involved in providing rehabilitation as an option to injured workers.

Merits and Justice of the Case Policy
Following the 1999 Task Force Review, the Workers' Compensation Act was amended. Among other things, the principles of "merits and justice of the case" and "benefit of doubt to the worker" were added to the legislation. Other Canadian jurisdictions have found that a policy assists with the application of these types of legislative provisions. The YWCHSB developed a draft policy to guide decision-makers on the process of making decisions based on these two principles. In 2003, the stakeholder advisory committees and the policy working group reviewed this draft policy.

Note: Because both preceding policies affect claims for compensation, they were provided to the public for comment, as required by the Workers' Compensation Act. The public consultation period ended on January 30th, 2004.

Access to Information Policy
In 2002, the Information and Privacy Commissioner determined that the YWCHSB is not a public body and therefore not covered by the Access to Information and Protection of Privacy Act (ATIPP). In response, the YWCHSB developed a draft Access to Information Policy which upholds the principles of ATIPP, except where there is a conflict with other governing legislation. The draft was provided to the stakeholder advisory committees at the end of 2003 for review in 2004. In the meantime, the Board of Directors decided that the YWCHSB administration would uphold the principles and timelines of the ATIPP legislation.

Lump Sum Payment Policy
A policy was developed to provide consistency in the administrative processing of lump sum applications as well as to provide safeguards for the worker. The policy applies to workers injured prior to 1993. This draft was reviewed by the policy working group at the end of 2003 and was scheduled to be reviewed by the stakeholder advisory committees early in 2004.

Claims Statistics

Incident

An incident is any injury or illness reported to the YWCHSB by a worker, employer or physician. Not all incidents result in the establishment of a claim.

Claim

A claim is established when the YWCHSB has received a worker's report of injury or illness.

Time loss claim

A time loss claim is one in which a worker is absent from work as a result of a disability.

No time loss claim

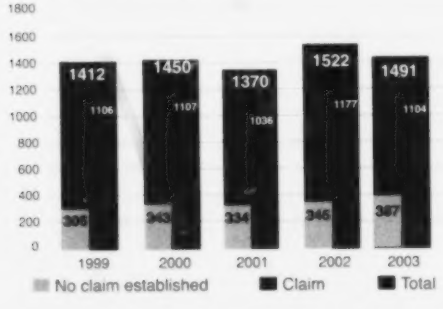
A no time loss claim is one in which the worker does not lose time from work, or wages.

Rejected claim

A rejected claim is one that has been disallowed or is not eligible for one of the following reasons:

- Insufficient information available to process the claim. In these cases, the YWCHSB has requested additional information and it has not been provided.
- The industry or the claimant was not covered under the Workers' Compensation Act.
- The disability was not work-related, as required by the Workers' Compensation Act.

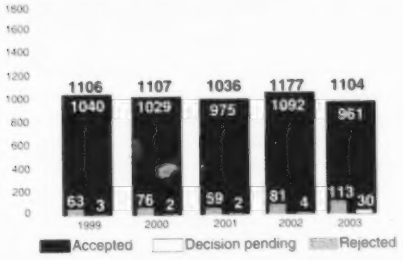
INCIDENTS REPORTED



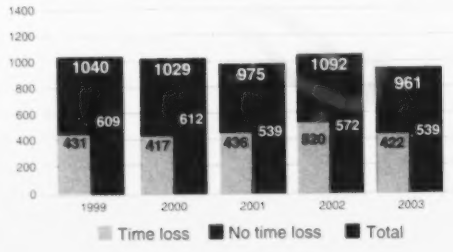
FATALITIES ACCEPTED/PERMANENT IMPAIRMENT AWARDS MADE

Fatalities	**1**
Permanent Impairment Awards	**88**

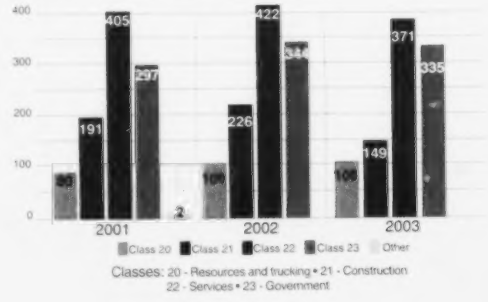
CLAIMS BY DECISION STATUS



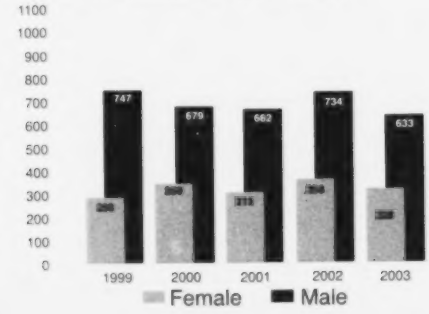
ACCEPTED CLAIMS BY TIME LOSS/NO TIME LOSS



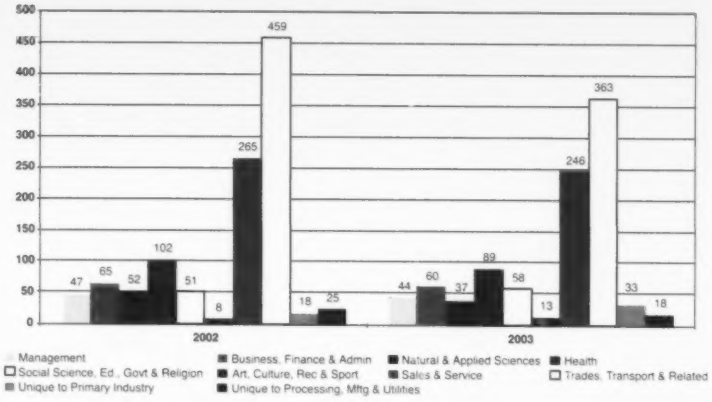
ACCEPTED CLAIMS BY CLASS



ACCEPTED CLAIMS BY GENDER

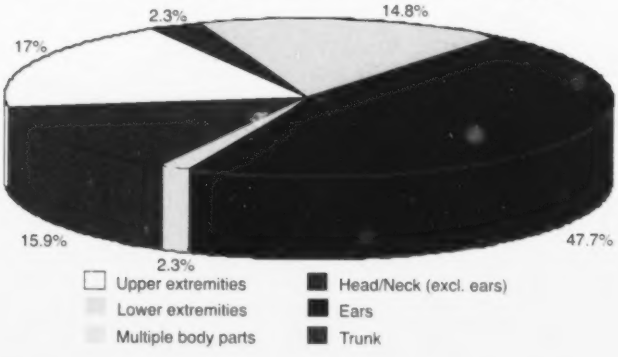


ACCEPTED CLAIMS BY OCCUPATION GROUP

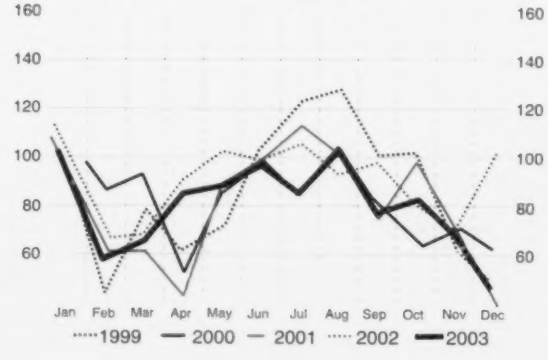


ACCEPTED CLAIMS BY GEOGRAPHICAL REGION

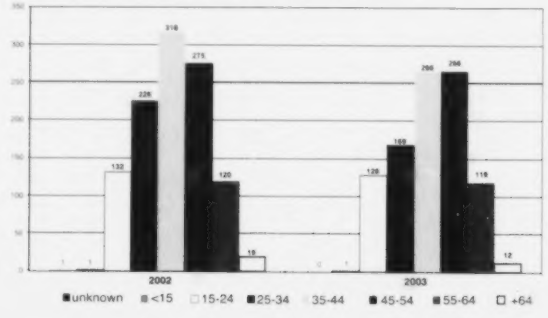
PERMANENT IMPAIRMENT AWARDS BY PART OF BODY



CLAIMS BY MONTH OF OCCURANCES



ACCEPTED CLAIMS BY AGE GROUP



PARTS OF BODY AFFECTED FOR ACCEPTED CLAIMS

	2002	2003
Head injuries*		
Hearing loss		
Noise induced	32	21
Other hearing loss	0	0
Total hearing loss	32	21
Other head injuries	137	118
Head injuries **Total**	169	139
Neck injuries,including throat	**9**	**8**
Upper extremity injuries (arm, hand, finger)	324	290
Multiple body parts injuries	56	48
Trunk injuries (chest, back, shoulder, abdomen)	337	295
Lower extremities injuries (leg, foot, toes)	174	160
Body systems injuries	19	15
Other body parts	4	6
Not coded	0	0
Total	**1092**	**961**

*Parts of body affected for accepted claims (with breakdown for hearing loss related claims.)

NATURE OF INJURY FOR ACCEPTED CLAIMS

	2002	2003
Traumatic injuries & disorders	839	714
Systemic diseases & disorders	110	88
Infectious & parasitic diseases	3	2
Neoplasms, tumors & cancer	0	0
Symptoms, signs & ill-defined conditions	17	13
Other diseases, conditions & disorders	9	3
Multiple diseases, conditions & disorders	0	0
Nonclassifiable	114	141
Not coded	0	0
Total	**1092**	**961**

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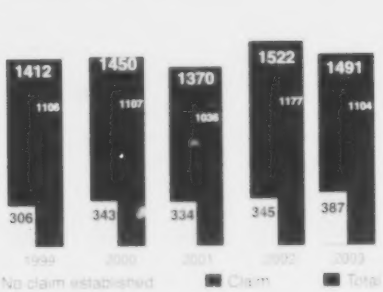

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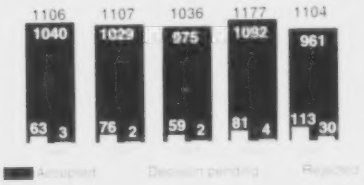
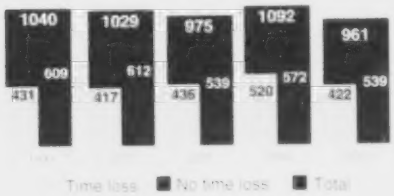


ACCEPTED CLAIMS BY TIME LOSS/NO TIME LOSS



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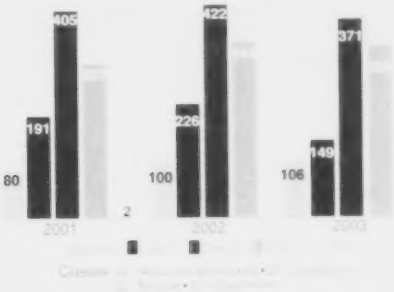

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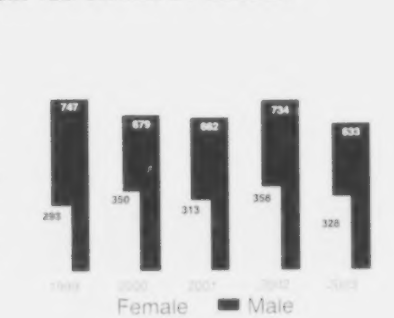
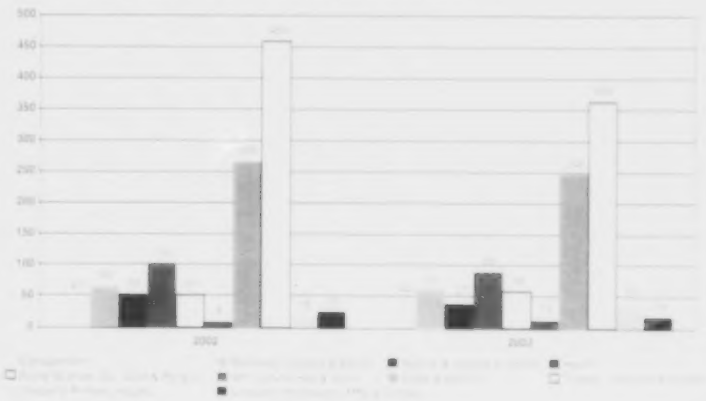


ACCEPTED CLAIMS BY OCCUPATION GROUP



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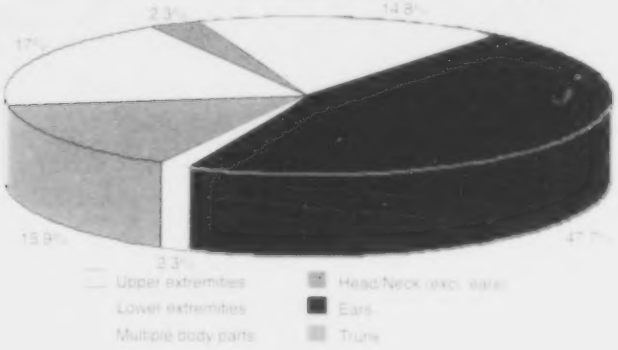

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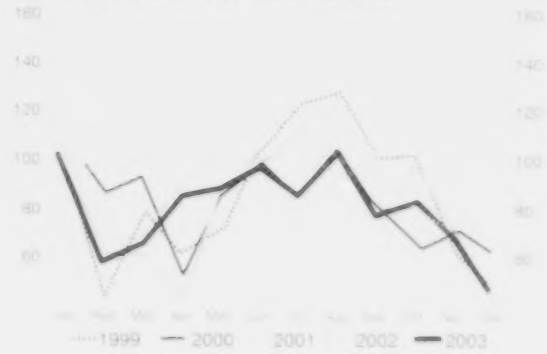

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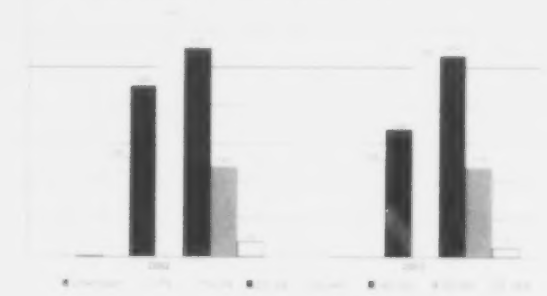

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Nonclassifiable	114	141
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Total	1092	961

Reviews and Appeals

Workers, the dependants of deceased workers, and employers have the right to appeal decisions made by the YWCHSB. These rights are provided in the Workers' Compensation Act and the Occupational Health and Safety Act.

Employers have the right to appeal:

- Assessment decisions such as assignment to an industry or assessment premium rates.
- Occupational health and safety orders, penalties and decisions.
- Decisions by an adjudicator or a hearing officer on their employee's claim for compensation.

Workers have the right to appeal:

- Decisions by an adjudicator or a hearing officer on their claim for compensation.
- Occupational health and safety orders, penalties and decisions.

Dependants of deceased workers have the right to appeal:

- The decisions of adjudicator or hearing officer on their claim for compensation.

Appealing Assessments or Occupational Health and Safety Decisions

An appeal panel of the YWCHSB Board of Directors hears appeals of assessments and occupational health and safety decisions. The panel is made up of one employer representative, one worker representative and the chair or alternate chair.

Appealing Claims

A review by a hearing officer is the first level of appeal for decisions concerning claims. If the appellant is not satisfied with the hearing officer's decision, he or she may appeal it to the Workers' Compensation Appeal Tribunal.

For information about appeals, contact the Appeals Assistant at (867) 667-5402

TYPE OF ACCIDENT FOR ACCEPTED CLAIMS

	2002	2003
Contact with objects & equipment	415	345
Falls	115	161
Bodily reaction & exertion	417	326
Exposure to harmful substances or environments	82	80
Transportation accidents	29	19
Fires & explosions	3	0
Assaults & violent acts	29	26
Other events or exposures	2	4
Not coded	0	0
Total	**1092**	**961**

SOURCE OF INJURY FOR ACCEPTED CLAIMS

	2002	2003
Chemicals & chemical products	41	28
Containers	86	67
Furniture & fixtures	50	37
Machinery	69	55
Parts & materials	137	109
Persons, plants, animals & minerals	254	229
Structures & surfaces	154	179
Tools, instruments & equipment	136	124
Vehicles	41	25
Other sources	124	108
Not coded	0	0
Total	**1092**	**961**

Hearing Officer

January 1 to December 31	2003	2002
Reviews by Hearing Officer	**42**	**24**
Decisions confirmed	22	13
Decisions reversed	12	5
Decisions varied	2	2
No jurisdiction	6	4

Appeal Panel

January 1 to December 31, 2003

Occupational health and safety appeals

Of the two administrative penalty appeals, one was confirmed and one was revoked.

Assessment appeals

There were no assessment appeals in 2003.

Requests for Information

The staff in our records unit releases information to workers and their dependants, employers, the Workers' Advocate, the YWCHSB Board of Directors and the Workers' Compensation Appeal Tribunal.

In 2003, the unit coordinated 483 information requests, maintaining a turn-around time of 10 working days per file.

Requests for Release of Information

	2003	2002	2001	2000
Worker or dependant	80	55	35	39
Employer	14	9	1	1
Workers' Advocate	335	264	224	238
Ombudsman	0	0	0	0
Release under Access to Information and Protection of Privacy Act*	0	0	1	0
Workers' Compensation Appeal Tribunal	44	44	30	9
Other	10	24	13	13
TOTAL	**483**	**396**	**304**	**300**

**The Information and Privacy Commissioner ruled in late 2002 that the YWCHSB is not a public body and is therefore not covered by the Access to Information and Protection of Privacy Act. The Board of Directors decided that the YWCHSB would conduct itself as if the legislation did apply until it could develop a policy on access to information. That new policy was prepared in 2003 for review and adoption in early 2004.*

Our Staff - Training and Development

Our strategic plan directs us to lead in human resource development and to meet our responsibilities through the continuous development of our staff as valued, committed and effective employees.

Our approach is to provide a variety of learning opportunities throughout our organization. By investing in our employees, they feel more valued and are more likely to remain committed to our organization.

Our Learning Objectives

- Provide staff with the skills to consistently deliver respectful, compassionate, quality service
- Ensure staff is able to function effectively in a team environment
- Provide staff members with skills that will assist them in maintaining personal security at work
- Train new staff in key areas, and refresh the knowledge of existing staff
- Ensure managers acquire leadership skills to effectively contribute to organizational goals

In 2003, our key activities continued to be centered on:

- **Planning for the future**
  Our activities focused on not only providing training for employees' current work, but on developing new skills that prepare staff to fill future roles within the organization.
- **Identifying staff with career progression paths**
  We recognize the contributions of our employees by making efforts to tailor training to their professional, career and personal goals. Our organization is strengthened through the continued commitment of skilled and knowledgeable staff.

Training Highlights

Developing Leadership Capacity
All 18 managerial staff participated in a new program which formalizes the process of developing leadership skills to assist us with planning for succession. Our objective is to position YWCHSB to be able to respond to future staffing changes.

Disability Case Management
Three employees obtained diplomas in disability case management through distance education with Dalhousie University in Halifax. This supports our objective to emphasize management of disabilities, rather than management of claims.

Adjudication
Four employees began specialized training in basic adjudication and decision-making to ensure we continue to have staff trained in claims administration.

First Aid
Seven employees completed Standard First Aid training. Three of those seven then went on to complete the requirements for Advanced First Aid.

Occupational Health and Safety Investigations
YWCHSB safety officers participated in a series of workshops on investigative file management, incident scene documentation, report writing for professional investigators, root cause inspections, managing the hostile individual, business results through health and safety, and application and execution of search warrants.

As well, 32 employees completed training on dealing with aggressive behaviours, five employees took training to enhance their supervisory skills, and three employees completed training on Yukon First Nations history, culture and agreements.

We also continued to use internal and external temporary assignments to develop staff, strengthen capacity and address staffing needs. In 2003, there was in increase in opportunities for employees to take on additional responsibilities as managers.

Our Staff - Part of the Community

Our employees broke their own record organizing the United Way Breakfast for the fourth year in a row. In 2003, they helped raise $14,000 for Yukon people in need, up from the record-setting $9,000 of the previous year. The High Country Inn hosted and cooked, the Yukon Department of Highways and Public Works sponsored the food, and CBC Yukon provided live entertainment.

Our employees are involved in many community events and organizations, including the following:

Alaskan Malamute Help
League Allergy Information Association
Amnesty International Blood Ties
Breakfast for Learning Program.
Bringing Youth Together for Equality (B.Y.T.E.)
Canadian Bar Association
Canadian Cancer Society
Canadian Historical Society
Canadian Parks and Wilderness Society, Yukon Chapter
Canadian Rangers
Canadian Ski Patrol
Copper Ridge Pet Program
Flying Eagle Taekwondo
Foster Parents Plan
Friends of Canadian Broadcasting
Girl Guides of Canada
Rotary Club of Whitehorse
Heart & Stroke Foundation
Humane Society Yukon
Learning Disabilities Association of Yukon
Mary Lake Community Association
Mountain View Golf Course
Persephone Singers
Porter Creek Secondary School Substance Free Grad Committee
Royal Canadian Legion
Siberian Husky Assistance Rescue and Placement
Soulstice Music Society
Squash Yukon
Suzuki Strings Association
UN High Commission on Refugees
Whitehorse Community Choir
Whitehorse Cross Country Ski Club
Whitehorse Jackrabbit Program
Whitehorse Lions Club
Whitehorse Minor Hockey
Whitehorse Minor Soccer
Whitehorse Rifle and Pistol Club
Yukon Arts Centre
Yukon College
Yukon Fish and Game Association
Yukon Gymnastics Association
Yukon Humane Society
Yukon Law Society
Yukon Multiple Sclerosis Association
Yukon Music Camp Society
Yukon Orienteering Association
Yukon Outdoors Club
Yukon Quest
Yukon Sourdough Rendezvous

Financial Statements

Our year 2003 financial statements will be available at the beginning of July 2004. Call us to request a copy of the statements (867 667 5645 or 1 800 661 0443) or visit our website at **www.wcb.yk.ca**. You will be able to slip a copy of the statements into the pocket opposite.

Photography:

Cover photo, and photos on pages 7 & 8 by Cathie Archbould, www.archbould.com
Photos on pages 4, 6, 13, 15, 19, 23, 24, 28 by Derek Crowe, www.derekcrowe.ca
Photos on pages 10, 11, 25 courtesy of Skills Canada Yukon
Remaining photos by YWCHSB

YUKON WORKERS' COMPENSATION HEALTH AND SAFETY BOARD

COMMISSION DE LA SANTE ET DE LA SECURITE AU TRAVAIL DU YUKON

Yukon Workers' Compensation Health and Safety Board

Audited Financial Statements 2003

YUKON WORKERS' COMPENSATION HEALTH AND SAFETY BOARD

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ AU TRAVAIL DU YUKON

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Yukon Workers' Compensation Health and Safety Board (the board) is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced; Compensation Fund assets are safeguarded and controlled; transactions of the Compensation Fund are in accordance with relevant legislation, regulations and board policies; and that the board resources are managed efficiently and economically and the operations of the board are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Compensation Fund. The financial statements as at December 31, 2003, which include amounts based on management's best estimates as determined through experience and judgement, are in accordance with Canadian generally accepted accounting principles. Other financial information included in the Annual Report is consistent with these financial statements.

Board members (the Board) are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Finance, Investment, and Audit Committee. The Finance, Investment, and Audit Committee has reviewed the financial statements and has submitted its report to the Board, which has approved these financial statements.

The Auditor General of Canada conducts an independent audit for the purpose of expressing her opinion on the financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with specified legislation.

Hewitt Associates, an independent consulting actuarial firm, has been engaged to provide an opinion of the adequacy and appropriateness of actuarial valuations of the benefits liability of the Compensation Fund.

Tony Armstrong
President and Chief Executive Officer

Jim Stephens, CMA,CGA
A/Vice President, Operations
and Chief Financial Officer

April 30, 2004

Actuarial Certification

To the Members of the Yukon Workers' Compensation, Health and Safety Board
We have completed an actuarial valuation of the benefits liability for insured employers under the Yukon Workers' Compensation Act as at December 31, 2003, for the purpose of providing input to the Balance Sheet of the Fund at December 31, 2003.

Our estimate of the benefits liability of $89,673,000 represents the actuarial present value at December 31, 2003 of all expected payments which will be made in future years and which relate to claims occurring on or before December 31, 2003.

The net interest rates used to discount future claim payments make implicit provision for future increases in payment levels. As in previous valuations, the benefits liability does not include any provision for future claims related to unknown liabilities for any occupational disease, but do include provision for future expenses for administration of existing claims.

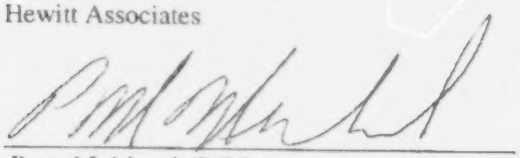
Our valuation was based on the provisions of the Yukon Workers' Compensation Act in effect as of December 31, 2003, the current practices and administration procedures of the Yukon Workers' Compensation Health and Safety Board and historical claims experience.

We have reviewed the data used for the valuation to test for reasonableness and consistency with the data used in prior years and with the data produced by other sources. In our opinion, the data is sufficient and reliable for the purpose of this valuation.

In our opinion, the actuarial methods and assumptions used are, in aggregate, appropriate for the purpose of the valuation.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice.

Respectfully submitted
Hewitt Associates



Peter Muirhead, F.C.I.A.
Fellow, Canadian Institute of Actuaries

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Honourable Peter Jenkins,
Minister responsible for the Compensation Fund

I have audited the balance sheet of the Compensation Fund as at December 31, 2003 and the statements of operations and reserves and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Compensation Fund as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Workers' Compensation Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Fund that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Workers' Compensation Act* and regulations, the *Occupational Health and Safety Act* and regulations and the *Financial Administration Act* and regulations.

Ronald C. Thompson, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
April 30, 2004

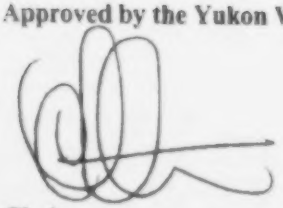
Compensation Fund
Balance Sheet
As at December 31

	2003 ($000s)	2002 ($000s)
Assets		
Accounts receivable (note 3)	$ 1,218	$ 1,698
Investments (note 4)	123,440	128,871
Property and equipment (note 5)	3,920	3,741
	$ 128,578	$ 134,310
Liabilities and Reserves		
Bank overdraft (note 9)	$ 933	$ 682
Accounts payable (note 3)	4,001	3,535
Benefits liability (note 6)	89,673	95,022
Total liabilities	94,607	99,239
Reserves (note 7)	33,971	35,071
	$ 128,578	$ 134,310

Commitments and Contingencies (note 10, 11)

The accompanying notes are an integral part of the financial statements.

Approved by the Yukon Workers' Compensation Health & Safety Board



Chair
Craig Tuton

Compensation Fund
Statement of Operations and Reserves
For the year ended December 31

	2003 ($000s)	2002 ($000s)
Revenue		
Assessments	$ 8,428	$ 7,749
Investment (note 4)	5,102	4,590
Recoveries and miscellaneous	477	421
	14,007	12,760
Expenses		
Claims expenses (note 6)	15,703	29,465
Administration and prevention (note 12)		
Administration	5,697	5,662
Occupational health and safety	1,008	907
Workers' Advocate	378	343
Appeal Tribunal	187	179
Employer Consultant	137	80
Congress 2004	102	-
Contractor Safety	42	-
Act Review	33	-
Business process improvement costs (note 5)	156	603
Total expenditures	23,443	37,239
Operating deficit for the year	(9,436)	(24,479)
Effect of change in assumptions (note 6)	8,336	-
Final operating deficit	(1,100)	(24,479)
Reserves, beginning of year	35,071	59,550
Reserves, end of year (note 7)	$ 33,971	$ 35,071

The accompanying notes are an integral part of the financial statements.

Compensation Fund
Statement of Cash Flows
For the year ended December 31

	2003 ($000s)	2002 ($000s)
Cash flows from operating activities		
Cash received from:		
Employers, for assessments	$ 8,515	$ 7,477
Recoveries and miscellaneous	887	519
Investment revenue	5,276	6,114
	14,678	14,110
Cash paid to:		
Claimants or third parties on their behalf	(12,718)	(12,766)
Suppliers, for administrative and other goods and services	(7,023)	(7,924)
	(19,741)	(20,690)
Cash used in operating activities	(5,063)	(6,580)
Cash flows from investing activities		
Sales and maturities of investments	113,798	433,024
Proceeds on disposal of capital assets	1	1
Purchases of investments	(108,541)	(426,245)
Purchases of capital assets	(446)	(807)
Cash provided by investing activities	4,812	5,973
Net decrease in cash	(251)	(607)
Bank overdraft, beginning of year	(682)	(75)
Bank overdraft, end of year	$ (933)	$ (682)

The accompanying notes are an integral part of the financial statements.

Compensation Fund
Notes to Financial Statements
December 31, 2003

1. Nature of Operations

The Compensation Fund (the Fund) was established by the *Workers' Compensation Act* and is administered by the Yukon Workers' Compensation Health and Safety Board (the board) pursuant to the Act. The Fund, as administered by the board, provides compensation for injury or death by accident arising out of and in the course of employment. Annual assessments are levied upon employers, usually on the basis of their reported assessable payrolls. The assessment and investment revenue pays for all of the claims, administration and prevention expenses. In 1992, the board was made responsible for the administration of the *Occupational Health and Safety Act* and regulations to advance strategies for preventing workplace injuries in the territory.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The more significant accounting policies are as follows:

(a) Benefits liability

The benefits liability represents the actuarial present value of all future benefit payments expected to be made for claims which have occurred in the current fiscal year or in any prior year. The benefits liability includes a provision for future payments on claims that have not been finalized to date. It also includes a provision for all benefits provided by current legislation, policies and administrative practices in respect of existing claims. These claims are discounted to a present value at a real interest rate of 3.5%. No provision has been made for claims related to known latent occupational diseases where the claim has not yet been reported and the year of disablement would be in a subsequent period.

The benefits liability is comprised of three liabilities for medical aid and compensation, pension, and annuity:

Medical aid and compensation includes benefits for medical aid, compensation for loss of earnings and personal property, lump sum payments for permanent impairment, rehabilitation assistance, emergency transportation, traditional aboriginal healing, and death and funeral expenses.

The pension liability includes monthly pension benefits indexed annually that are paid to spouses, dependent children and guardians of dependent children of those who die from a work-related injury.

The annuity liability is for workers who have received compensation for the same disability for at least 24 months. Ten percent of the total compensation payments, plus interest, is set aside to provide a retirement annuity at sixty-five years of age.

(b) Allocation of reserves

The reserves are comprised of a prevention and benefit enhancement reserve, a target reserve, and a rate transition reserve. Once the benefits liability is determined, the remaining difference between the Fund's assets and liabilities is credited to reserves.

2. **Significant Accounting Policies (continued)**

(b) Allocation of reserves (continued)

The total available for reserves is allocated as follows:

(i) Prevention and benefit enhancement reserve -	the initial amount identified as at December 31, 1997 will be credited with interest at the same rate as the annuity liability

(ii) The target reserve has three components, funded as follows:

Catastrophic claims -	200 times the maximum wage rate
Adverse claims experience -	16% of the unsubsidized assessment revenue plus 12% of the benefits liability
Occupational disease and enhanced disabilities including latent occupational diseases -	7% of the benefits liability
(iii) Rate Transition Reserve -	The rate transition reserve will be the balance in excess of the other reserves. If there is no excess then the balance will be zero and the overall deficiency in reserves will be identified.

(c) Investments

The objective of the board's investment policy is to ensure that funds are available to satisfy the liabilities. A portion of the investments is designated to match the benefits liability.

The board changed the amortization period for the deferral of gains and losses realized on the disposal of fixed-term investments in 2003 to align with the current industry standard used by other Canadian Compensation Funds. Previously, the amortization period extended over the life of the bond. The change was treated prospectively as required under current Canadian generally accepted accounting principles.

Fixed-term investments, having terms greater than one year, consisting primarily of bonds, are recorded at cost, net of amortization of premiums/discounts on purchase. Net realized gains and losses on disposal of fixed-term investments during the year are deferred and amortized on a straight line basis over a five-year period.

Fixed-term investments, having terms less than or equal to one year, consisting primarily of treasury bills, are recorded at amortized cost. Gains and losses realized on disposal of these investments are recognized in the year of disposition.

Equity investments are carried at cost plus a moving average market method adjustment to amortize unrealized gains and losses over a five-year period. Net realized gains or losses on the disposal of equity investments are deferred and amortized on a straight-line basis over five years.

Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Revenue from investments is translated at the rate in effect at the time of receipt. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are amortized into investment income over a five-year period.

The carrying value of an investment portfolio is written down to its market value when a permanent decline is deemed to have occurred and a provision for the loss in value is included in income in the same period.

2. Significant Accounting Policies (continued)

(d) Assessments

Assessment revenue is calculated on actual or estimated payrolls as reported by the employer, or on provisional assessments as determined by the board. Separate rates of assessment are established for each industry classification.

In addition, the board administers the Government of Yukon employees' compensation claims related to injuries prior to January 1, 1993 when the Government was a self-insured employer. The Fund receives reimbursement for the claim costs and related administrative expenses of those employees (Note 9).

(e) Supplementary compensation benefits

Supplementary compensation benefits are granted, pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance, to all persons receiving compensation on or after October 1, 1973 for accidents prior to that date. Compensation is increased to the amount that would have been granted had the accident occurred after the Act came into force. The cost of these benefits is recovered from the Yukon Consolidated Revenue Fund (Note 9).

(f) Third party subrogated claims

In certain limited circumstances, under section 56 of the *Workers' Compensation Act*, the board is deemed to be an assignee of a cause of action in respect of a claimant's disability. The claimant receives 25% of any settlement received after deducting all the costs of the action. This is over and above any future benefits entitlement. The remaining amount is used to offset future claims benefits, which were previously expensed in accordance with actuarial calculations, and which were previously incorporated in the benefits liability.

Revenue received from third party subrogated claims is recorded in the year the settlement occurs. No provision is made in the benefits liability for possible future subrogated recoveries because of their contingent nature.

(g) Property and equipment

Property and equipment are carried at cost less accumulated amortization. Amortization is calculated on the straight-line method, using rates based on the estimated useful life of the assets as follows:

Buildings	40 years
Furniture and equipment	5 to 10 years
Computer systems and equipment	3 years
Systems development	5 to 10 years

(h) Employee future benefits

Non-pension Benefits

Under conditions of employment, employees may qualify and earn employment benefits for vacation, sick, compensatory and personal leave, travel bonus, and severance benefits. The benefit obligation is determined on an actuarial basis. The key assumptions used are a liability discount rate of 7% and an annual rate of general escalation of 3%. The obligation for vacation leave, sick leave, and severance benefits are calculated using the projected benefit method prorated on service. The remainder is calculated assuming all employees receive the benefits on valuation date.

2. Significant Accounting Policies (continued)

(h) Employee future benefits (continued)

Pension Benefits

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The board's contribution to the Plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employees' required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the board and are charged to operations on a current basis. The board is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account (PSSA).

(i) Use of estimates

The preparation of financial statements in accordance with the Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. This mainly affects claims expenses, benefits liability and the reserves. Actual results could differ materially from these estimates.

3. Accounts Receivable and Accounts Payable

	2003 ($000s)	2002 ($000s)
Receivable		
Assessments	$ 718	$ 790
Government of Yukon (Note 9)	435	$ 811
Other receivables	65	97
	$ 1,218	$ 1,698
Payable		
Assessments	$ 339	$ 324
Government of Yukon (Note 9)	1,364	1,091
Other payables	2,298	2,120
	$ 4,001	$ 3,535

4. Investments and Investment Revenue

	2003 ($000s)		2002 ($000s)	
	Carrying Value	Market Value	Carrying Value	Market Value
(a) Fixed-term securities				
Federal Bonds	$ 22,903	$ 23,372	$ 21,082	$ 21,846
Provincial Bonds	9,221	9,671	8,678	9,133
Corporate Bonds	27,467	28,903	30,416	31,709
Municipal Bonds	880	912	652	677
	60,471	62,858	60,828	63,365
Equities				
Canadian	19,870	21,882	24,028	21,948
United States	13,441	11,947	14,692	12,376
Overseas	32,182	30,984	35,050	31,779
	65,493	64,813	73,770	66,103
Cash and short-term investments				
Cash	186	185	230	231
Treasury Bills	3,310	3,279	2,212	2,214
Accrued interest income	841	841	913	854
	4,337	4,305	3,355	3,299
Management fee accrual	(80)		(70)	
Deferred realized investment gains	(6,781)		(9,012)	
	$ 123,440	$ 131,976	$ 128,871	$ 132,767

Management reviews the investment portfolio on a regular basis and considers the decline in the market values of the US and Overseas equity investments to be temporary and is not expected to affect the long-term position of the portfolio.

(b) Deferred investment gains or (losses)	2003 ($000s)	2002 ($000s)
Fixed-term securities		
Balance, beginning of year	$ 11,944	$ 11,455
Realized net gains for the year	688	2,037
Amortization	(2,526)	(1,548)
Balance, end of year	10,106	11,944
Equities		
Balance Beginning of year	(2,932)	-
Realized net losses for the year	(1,408)	(3,665)
Amortization	1,015	733
Balance, end of year	(3,325)	(2,932)
Total	$ 6,781	$ 9,012

4. Investments and Investment Revenue (continued)

	2003 ($000s)	2002 ($000s)
(c) Investment Income		
Dividends and interest		
Fixed-term	$ 3,180	$ 4,451
Equity	1,366	1,305
Short-term	-	-
	4,546	5,756
Adjust for:		
Amortized realized and unrealized gains and (losses)	1,004 (1)	(749)
	5,550	5,007
Deduct:		
Investment management fees	(448)	(417)
Investment Income	$ 5,102	$ 4,590

The following is the total amortization of net deferred investment gains and (losses) to be credited to income:

	Total
2004	$ 1,512
2005	1,512
2006	1,512
2007	2,245
	$ 6,781

The fixed-term investments mature as follows:

1 to 5 years	$ 15,097	25%
6 to 10 years	33,545	55%
greater than 10	11,829	20%
	$ 60,471	100%

Actual annual investment market returns:

	2003 (%)	2002 (%)
Total Fund	8.2	-3.7
Canadian Equities	26.2	-10.1
U.S. Equities	0.6	-22.1
Overseas Equities	7.6	-19.9
Fixed-Term Securities	6.4	8.7

4. Investments and Investment Revenue (continued)

The Board has established a policy for the management of the investment process, utilizing external investment portfolio managers. The portfolio managers' compliance with this investment policy is monitored on a regular basis.

Credit Risk Management

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument fails to meet its obligations. Therefore, short-term investments must have a credit rating of at least R1, and long term investments require a rating of A or higher by the Dominion Bond Rating Service in order to be eligible for consideration as an investment. Diversification of credit risk is managed by limiting the exposure in a single private institution to 5% of the portfolio.

Foreign Exchange Risk Management

The Fund has investments in equities denominated in foreign currencies. It does not undertake long-term hedging strategies for the currency risk of foreign investments. The board undertakes long-term investment strategies. However, currency fluctuations may affect short-term returns. These fluctuations are not expected to affect the long-term position of the investment portfolio. Investments in US$ total $16,100,665 (2002 - $16,240,801). Investments in European Currency total $378,515 (2002 - $444,654).

Interest Rate Risk Management

Fluctuations in interest rates can impact the market value of the fixed-income portfolio, as well as shift investor preferences among asset classes. Interest rate risk is minimized by managing the duration of the fixed-term portfolio.

(1) Includes $515,505 due to change in amortization periods (see note 2c)

5. Property and equipment

	Cost	Accumulated Amortization	2003 Net Carrying Value ($000s)	2002 Net Carrying Value ($000s)
Land	$ 390	$ -	$ 390	$ 390
Buildings	$ 3,247	(910)	2,337	2,378
Furniture and equipment	$ 509	(414)	95	120
Computer systems and equipment	$ 1,742	(1,634)	108	219
Systems development (1)	$ 1,043	(53)	990	634
	$ 6,931	$ (3,011)	$ 3,920	$ 3,741

(1) The Achieving Better Customer Service project incurred expenditures of $531,000 in 2003 (2002 - $1,237,000). Of this amount, $375,000 (2002 - $634,000) was capitalized to the project and $156,000 (2002 - $603,000), which related to business process improvements, was expensed in the current year. The financial system component of the project was substantially complete in 2003 ($368,790) and amortization began in the current year. As of Dec. 31, 2003, $639,538 relating to the claims and assessment components of the project are capitalized but will not be depreciated until the systems are substantially complete.

6. Benefits Liability

	2003 ($000s)				2002 ($000s)
	Medical Aid & Compensation	Pension	Annuity	Total	Total
Balance, beginning of year	$ 70,269	$ 21,011	$ 3,742	$ 95,022	$ 78,174
Effects of change in assumptions	(8,336)	-	-	(8,336) (1)	-
Adjusted Balance, beginning of year	$ 61,933	$ 21,011	$ 3,742	$ 86,686	$ 78,174
Add claims costs incurred:					
Current year injuries	9,702	-	-	9,702	11,157
Prior years' injuries	2,912	2,400	689	6,001	18,308 (2)
	12,614	2,400	689	15,703	29,465
Less claims payments made:					
Current year injuries	1,950	-	-	1,950	2,525
Prior years' injuries	9,328	1,205	233	10,766	10,092
	11,278	1,205	233	12,716	12,617
Balance, end of year	$ 63,269	$ 22,206	$ 4,198	$ 89,673	$ 95,022

(1) The actuarial assumption for conservatism in the benefits liability was changed in 2003. The conservatism assumption relates to the level of confidence that the benefits liability will be sufficient to cover claims costs in a certain percentage of cases in future years. The previous conservatism ratio was developed in 1997 using the five years of claims data available at that time. Based on additional claims data resulting from a longer claims history the actuary was able to determine a more appropriate level of conservatism based on the Fund's overall claims experience. The change resulted in a reduction in the liability of $8,336,000.

(2) The Yukon Government passed legislation in 2002 to amend the *Workers' Compensation Act*. This amendment provided increases to 26 injured workers who were still in receipt of compensation benefits as a result of a disability under the *1986 Workers' Compensation Act* (Bill 73). The amendment to the Act raised the wage rate for those workers to the 2002 level of $65,000 and provided that it will be indexed annually. The estimated current and future cost of this amendment is $5,400,000 (See note 7).

The following key long-term economic assumptions were used in the actuarial valuation of the benefits liability:

	2003	2002
Future net investment rate of return	3.50%	3.50%
Future net increase in medical aid	2.25%	2.25%
Future net increase in compensation	2.25%	2.25%
Future net increase in rehabilitation	3.50%	3.50%

6. Benefits Liability (continued)

The benefits liability was determined using accepted actuarial practices in accordance with standards established by the Canadian Institute of Actuaries. The actuarial present value of future benefits reflects management's long-term estimates of economic and actuarial assumptions and methods, which were based on past experience modified for current trends. As these assumptions may change over time to reflect underlying economic or legislated conditions, it is possible that such changes could cause a material change to the actuarial present value of future benefit payments. The fair value for the benefits liability is not readily determinable.

7. Reserves

The Board's review of the structure of the reserves, which began in 2003, is expected to continue through 2004. Until this review is completed, the Board felt that it would be premature to make any changes to the reserves.

In 2003 the Board decided that the Prevention and benefit enhancement reserve should be reduced by $5,800,000. This was to cover the expenses of Bill 73 ($5,400,000), which increased benefits of certain workers, and Bill 64 ($400,000), which paid benefits to surviving spouses or common-law partners.

Allocations to the reserves in the current year are as follows:

	Prevention and benefit enhancement reserve	
	2003 ($000s)	2002 ($000s)
Balance, beginning of year	$ 15,309	$ 14,750
Less adjustments to prior year allocation	(5,800)	
Current allocation	428	559
Balance, end of year	$ 9,937	$ 15,309

	Target Reserve				
	2003 ($000s)				2002 ($000s)
	Catastrophic Claims	Adverse Claims Experience	Occupational Disease Claims	Total	Total
Balance, beginning of year	$ 13,240	$ 13,498	$ 6,652	$ 33,390	$ 29,777
Current allocation	(80)	(766)	(375)	(1,221)	3,613
Balance, end of the year	$ 13,160	$ 12,732	$ 6,277	$ 32,169	$ 33,390

7. Reserves (continued)

	2003 ($000s)	2002 ($000s)
Prevention and benefit enhancement reserve	$ 9,937	$ 15,309
Target reserve	32,169	33,390
Rate transition reserve, end of year	-	-
Total required reserves, end of year	$ 42,106	$ 48,699
Deficiency in reserve funding	8,135	13,628
Total reserves	$ 33,971	$ 35,071

8. Pension Fund

During the year, the Public Service Superannuation Plan required the board to contribute to the PSSA at a rate of 2.14 times the employees' contributions.

	2003	2002
Employees' contributions	$ 168,822	$ 168,511
Fund contributions	360,561	359,763
Total	$ 529,383	$ 528,274

9. Related Party Transactions

As an agency of the Government of Yukon, the board is related to all government departments, agencies and Crown corporations. The board enters into transactions with these entities in the normal course of business. All mainframe computer software is owned by the Government.

The Compensation Fund paid the Government $633,000 (2002 - $502,000) for building maintenance, computer, office supplies, payroll processing, recruitment, vehicle and rehabilitation services. The Fund also reimbursed the Government for payroll costs of $4,866,000 (2002 - $4,614,000).

The Government pays certain claims costs to the Compensation Fund for claims prior to 1993 and also reimburses the cost of supplementary benefits pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance (note 2d,e).

As at December 31, 2003, balances due to and from related parties were as follows:

	2003 ($000s)	2002 ($000s)
Due to Government of Yukon	$ 1,364	$ 1,091
Due from Government of Yukon - Recoveries	$ 435	$ 811
Due from Government of Yukon - Assessments	$ 155	$ 264

9. Related Party Transactions (continued)

The Government of Yukon is disputing its obligation to reimburse the board for $295,346 of costs associated with certain pre-93 claims paid in 2003 and the associated claims administration fees of $44,302. No allowance has been made against this recovery.

Effective January 1, 1993, all Government employees were covered by the Fund. Revenues and recoveries from the Government of Yukon as at December 31, 2003 were as follows:

	2003	2002
Assessments	$2,625,641	$2,236,364
Pre-93 claims costs	$ 537,468	$ 677,000
Supplementary compensation benefits	$ 461,000	$ 408,000

The board has access to the Government of Yukon's overall line of credit facility with its banker. This access provides the board with overdraft coverage when needed.

10. Contingent Liabilities

The board is responsible for future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, these liabilities cannot be estimated. Therefore, an amount has been included in the target reserve.

11. Commitments

The board has commitments (excluding claims costs) for the next five years, in thousands of dollars, as follows:

2004	$ 245
2005	177
2006	89
2007	-
2008	-
	$ 511

These commitments include the lease of office space and contribution agreements.

12. Administration and Prevention Expenses

	2003 ($000s)	2002 ($000s)
Salaries and benefits	$ 5,153	$ 4,844
Consulting and professional	532	426
Amortization	366	347
Buildings	298	167
General administration	217	134
Computer systems	206	221
Board expenses	192	249
Communications	186	223
Automobile and travel	184	212
Printing and publications	115	148
Staffing and recruitment	82	123
Supplies and stationery	44	46
Furniture and equipment	9	31
	$ 7,584	$ 7,171

The net expenses have been allocated as follows:

Administration	$ 5,697	$ 5,662
Occupational Health & Safety	1,008	907
Workers' Advocate	378	343
Appeal Tribunal	187	179
Employer Consultant	137	80
Congress 2004	102	-
Contractor Safety	42	-
Act Review	33	-
	$ 7,584	$ 7,171

13. Fair value

The carrying value of the bank overdraft, accounts receivable, and accounts payable approximate their fair value given their short-term nature. The fair value of the equity and fixed-term investments is market value as at December 31.

14. Comparative Figures

Certain prior year's figures have been reclassified to conform with the current year's presentation.